

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance 314, the 2003 Property Tax Levy
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

The City of Shoreline is required to adopt its 2003 levy ordinance and certify the amount to the County Assessor by December 2, 2002. The 2003 Proposed Budget includes a recommended 1% property tax levy increase.

ALTERNATIVES ANALYZED:

Property Tax

Initiative 747 limits property tax levy increases to 1%, unless voter approval is received for a greater increase. The Council can choose to adopt a levy with an increase that is less than 1% and make a corresponding reduction in expenditures to maintain a balanced 2003 budget. The 1% levy increase will generate approximately \$65,000 in revenues for the General Fund.

FINANCIAL IMPACT:

The total resources used in the Proposed 2003 Budget are \$44,539,730. Property tax represents approximately 15% of the overall City resources in the amount of \$6,567,756. If the Council does not approve the proposed property tax levy, the 2003 proposed revenues and expenditures will need to be decreased.

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 314, establishing the 2003 property tax levy for the City.

Approved By: City Manager _____ City Attorney _____

This page intentionally left blank.

INTRODUCTION

The City of Shoreline is required to adopt its 2003 levy ordinance and certify the amount to the County Assessor by December 2, 2002. A public hearing was held on November 12 to receive public comment on the proposed 2003 property tax levy.

BACKGROUND

Property Tax

In 2001, voters approved Initiative 747 (I-747) in a statewide election. The provisions of I-747 limit property tax levy increases by local governments to the lower of the Implicit Price Deflator (IPD) or 1% without voter approval. This excludes any new property tax revenues generated as a result of new construction. The IPD for the July 2001 to July 2002 period was 1.16%. Therefore, without voter approval, the maximum increase allowed is 1% plus the value of new construction.

The 2003 Proposed Budget includes a 1% levy increase. The revenue generated from this proposed levy increase is approximately \$65,000. The King county Assessor is projecting an average property valuation increase of 6.5% for Shoreline in 2003. This will increase the current assessed valuation of \$4,546,888,116 to \$4,876,741,054. As a result, the City's levy rate is projected to decrease by approximately 5.5% in 2003 from \$1.43 to \$1.36. A home valued at \$222,000 in 2002 would increase to a value of \$236,430 in 2003 (6.5% increase). This homeowner could expect that the property tax that they pay to the City will increase from \$317 in 2002 to \$321 in 2003, a \$4 increase. The homeowner will pay additional taxes to other jurisdictions such as King County, Shoreline School District, local Fire District, and the State School levy. The City receives approximately 10.8% of a property owner's total property tax payments. The City's property tax collections represent only 10.8% of the total property tax paid by City of Shoreline property owners.

ALTERNATIVES ANALYZED:

The City Council can choose to adopt a smaller property tax levy increase or no levy increase at all. This would necessitate a reduction in the Proposed 2002 City revenues and expenditures to reflect the reduced levy.

During the 2003 budget review process including the public hearings, the Council had an opportunity to hear from stakeholders on any possible concerns that they would have with the proposed 2003 property tax levy.

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 314, establishing the 2003 property tax levy for the City.

ATTACHMENTS

Attachment A – Ordinance No. 314

ORDINANCE NO. 314

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
LEVYING THE GENERAL TAXES FOR THE CITY OF SHORELINE IN
KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1,
2003, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID
CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF
PAYING SUFFICIENT REVENUE TO CONDUCT CITY BUSINESS FOR
THE ENSUING YEAR AS REQUIRED BY LAW**

WHEREAS, the City Council of the City of Shoreline has considered the City's anticipated financial requirements for 2003 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and,

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. Levy Limit. The City will use a levy limit of 101.0% of the statutory maximum levy, plus new construction, annexation, and any increase in the assessed value of state-assessed property for establishing the 2002 levy for collection in 2003.

Section 2. Levy Changes. The 2002 property tax levy for collection in 2003 is \$6,634,097 (the amount levied in 2001 for collection in 2002), plus estimated increases of \$114,097 (1.74%) based on increases in assessed values, annexations, prior year levy refunds and an increase equal to the amount allowed under the new construction provisions of RCW 84.55.010.

Section 3. 2002 Levy Rate. There shall be and hereby is levied on all real, personal, and utility property in the City of Shoreline, in King County, current taxes for the year commencing January 1, 2003, a levy at the estimated rate of \$1.35706 per thousand dollars of assessed valuation.

The said taxes herein provided for are levied for the purpose of payment upon the general indebtedness of the City of Shoreline, the General Fund, and for the maintenance of the departments of the municipal government of the City of Shoreline for the fiscal year beginning January 1, 2003.

Section 4. Notice to King County. This ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Finance Department of the City of Shoreline at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for noncharter code cities.

Section 5. Effective Date. This ordinance shall be in full force five days after publication of this ordinance, or a summary consisting of its title, in the official newspaper of the City, as provided by law.

Section 6. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or Federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

PASSED BY THE CITY COUNCIL ON NOVEMBER 25, 2002.

Mayor Scott Jepsen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, CMC
City Clerk

Ian Sievers
City Attorney

Date of Publication:

Effective Date:

This page intentionally left blank.